

GLASS GREENBERG IRWIN PELLMAN & SLADE

COUNSELORS AT LAW

LEONARD R. GLASS
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RECORDATION NO. 8705-B Filed & Recorded

FEB 22 1977 -2 21 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8706

FEB 22 1977 -2 21 PM

INTERSTATE COMMERCE COMMISSION

February 18, 1977

Interstate Commerce Commission
Washington, D. C.

RECORDATION NO. 8706-A Filed & Recorded

FEB 22 1977 -2 21 PM

INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

Re: Emons Industries, Inc. with Farmers First Bank

Gentlemen:

We enclose herewith an original and two copies of the following documents:

1. Chattel Mortgage and Security Agreement from Emons Leasing Co., Inc. to the Farmers First Bank, dated February 17, 1977.
2. Conditional Sale Agreement between Emons Leasing Co., Inc. and the Maryland and Pennsylvania Railroad Company dated December 29, 1976.
3. Agreement and Assignment between Emons Leasing Co., Inc. and the Farmers First Bank, dated February 17, 1977.

Would you please be good enough to record the above documents in the order listed above returning to the undersigned your usual receipt and receipted copy.

The enclosed check in the amount of \$100.00 represents the filing fee. If for any reason the enclosed check is not sufficient please contact my secretary Joan, collect, and she will transmit the required amount.

GLASS GREENBERG IRWIN PELLMAN & SLADE

Interstate Commerce Commission Page 2.

February 18, 1977

All of the above documents should be recorded under the same number as they deal with the same property.

Very truly yours,


MELVIN S. SLADE

MSS:JVS
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

3/4/77


OFFICE OF THE SECRETARY

Melvin S. Slade
Glass Greenberg Irwin Pellman & Slade
540 Madison Avenue
New York, N.Y. 10022

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 2/22/77 at 2:25pm and assigned recordation number(s) 8706, 8706-A, & 8706-B

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

FEB 22 1977 2 21 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT made as of December 29, 1976
between Emons Leasing Co., Inc. ("Vendor") and MARYLAND AND
PENNSYLVANIA RAILROAD COMPANY ("Vendee");

W I T N E S S E T H :

WHEREAS, Vendor is owner of 57 railroad
boxcars to be used or intended to be used in interstate commerce,
as more particularly described in Exhibit A hereto (hereinafter
called the "Equipment"); and

WHEREAS, Vendor desires to sell and Vendee desires to
buy the Equipment by a conditional sale thereof upon the terms
and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the
covenants and agreements hereinafter set forth, the parties
hereto agree as follows:

ARTICLE 1. Sale of Equipment. Vendor hereby sells
the Equipment to Vendee and Vendee hereby agrees to pay for the
Equipment as hereinafter provided.

ARTICLE 2. Acceptance. From time to time Vendor will
deliver Equipment to Vendee which shall execute appropriate

certificates of delivery therefor to evidence the receipt of the Equipment and the inclusion thereof under this agreement. Such Equipment shall be held by Vendee under and subject to all the provisions of this agreement and Vendee assumes all responsibility and risk of loss with respect to the Equipment as hereinafter provided.

ARTICLE 3. Purchase Price and Payment.

The aggregate purchase price shall be \$1,378,260.00 payable in 83 equal monthly installments of \$16,408.02 each and a final installment of \$16,394.34. The first installment shall be due February 1, 1977 and subsequent installments on the first day of each month thereafter.

Vendee will pay, to the extent legally enforceable, interest at the rate of 12% per annum upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made by Vendee in such funds and at such places as Vendor may specify.

ARTICLE 4. Taxes. The Vendee agrees that, during the continuance of this Agreement, in addition to all other payments

herein provided, it will promptly pay or cause to be paid all Federal, state or local taxes, assessments, charges, fines, penalties or licenses (hereinafter collectively called "taxes"), hereinafter levied or imposed upon, or measured by, this Agreement or any assignment hereof, or participation or interest in any assignment hereof, or any sale, use, payment, shipment, delivery or transfer of title of the Equipment under the terms hereof, or upon the Equipment or any of the units thereof (other than income, gross receipts (except gross receipts taxes in the nature of and in lieu of sales taxes) or excess profits taxes imposed upon the Vendor with respect to the amounts received by them under this Agreement), or upon the interest of the Vendee herein, or upon the Vendor solely by reason of their ownership of the Equipment or any of the units thereof, and will keep at all times all and every part of the Equipment free and clear of all taxes and assessments which might in any way affect the title of Vendor or result in a lien upon the Equipment or any of the units thereof; and if any such taxes shall have been levied against Vendor directly and paid by Vendors, Vendee shall reimburse Vendor on presentation of an invoice therefor; provided, however, that Vendee shall be under no obligation to pay any taxes of any kind as long as it is contesting in good faith and by appropriate legal proceedings such taxes, and the nonpayment thereof does not, in the opinion of Vendor, adversely affect the property or rights

of Vendor hereunder. In the event any tax reports are required to be made on the basis of individual units, the Vendee will either make such reports in such manner as to show the ownership of such units by the Vendor or will notify the Vendors of such requirement and will make such reports in such manner as shall be satisfactory to the Vendor.

ARTICLE 5. Title to the Equipment. Vendor shall and hereby does retain the full legal title to and property in the Equipment and a security interest therein until Vendee shall have made all of the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the use thereof by Vendee as herein provided; and the Vendee agrees that the Vendor shall have such a security interest. Any part, fixture or device attached to the Equipment shall constitute accession to the Equipment and shall be included in the term "Equipment" as used in this Agreement.

When and only when Vendor shall have been paid the full indebtedness in respect of the purchase price of the Equipment, together with interest and all other payments as herein provided, and all Vendee's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in Vendee without further transfer or action on the part of Vendor, except that

Vendor, if requested by Vendee so to do, at the Vendee's expense will execute a bill or bills of sale of the Equipment transferring their title thereto and property therein to Vendee or upon its order free of all liens, encumbrances and security interests created or retained hereby and deliver such bill or bills of sale to Vendee at its address specified in Article 22 hereof, and at the Vendee's expense will execute in the same manner and deliver at the same place for record or for filing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order to make clear upon the public records the title of Vendee to the Equipment, and will pay to Vendee any money paid to Vendors pursuant to Article 7 hereof and not theretofore applied as therein provided. Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or such instrument or instruments within a reasonable time after written demand of Vendee.

ARTICLE 6. Marking of Equipment. Vendee will promptly cause to be plainly, distinctly, permanently and conspicuously marked by stencilling or otherwise, on each side of each unit of

the Equipment, in letters not less than one inch in height, the name of the Vendor, or if this Agreement is assigned by the Vendor, the name of the assignee of the Vendor, in either case followed by the words "Owners and Secured Party" (or other appropriate words designated by Vendor, or such assignee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Vendor, or such assignee to the Equipment and its rights under this Agreement). Such marks shall be such as to be readily visible and as to indicate plainly ownership of the Equipment by Vendor or such assignee. In case any such marks shall at any time be removed, defaced or destroyed, Vendee will immediately cause the same to be restored or replaced.

Vendee will cause each unit of the Equipment to be kept numbered with the identifying number thereof as set out in Exhibit A hereto, and will not permit the numbers of any such units to be changed except with the consent of Vendor and in accordance with a statement of new numbers to be substituted therefor, which consent and statement previously shall have been filed with Vendor by Vendee and filed, registered and recorded in all public offices where this Agreement shall have been filed, registered and recorded.

Vendee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; but Vendee may permit

the Equipment to be lettered "Maryland and Pennsylvania Railroad Co." or in some other appropriate manner for convenience of identification of the interest of Vendee therein or to indicate the nature of the service furnished thereby, or if the Equipment is leased with the written consent of Vendor, the name of such lessee may be lettered thereon.

ARTICLE 7. Replacement. In the event that any unit of the Equipment shall be worn out, lost, destroyed or irreparably damaged from any cause whatsoever prior to the payment of the full indebtedness in respect of the purchase price of the Equipment, together with interest thereon and all other payments required hereby, Vendee shall promptly and fully inform Vendor in regard thereto. Vendee shall forthwith pay to Vendor a sum equal to the total value of such unit,

and Vendor shall not have any interest in any material salvageable from such units. For all purposes of this Article 7 the value of any unit worn out, lost, destroyed or irreparably damaged shall be the purchase price of such unit as set forth in Article 3 hereof, less depreciation (but not any accelerated amortization), at a rate not in excess of 10% per annum, for the period elapsed since the date of this Agreement to the date of its wearing out, loss, destruction or irreparable damage. The depreciation of a unit of the Equipment and the cost of a replacement thereof, shall be determined by a certificate

of a Vice President, the Treasurer, an Assistant Treasurer or the Chief Mechanical Officer of Vendee filed with Vendor at the time of the aforesaid payment and by such other and further evidence, if any, as shall reasonably be required by the Vendor.

Any money paid to Vendor pursuant to the preceding paragraph of this Article 7 shall, as Vendee may direct in a written instrument filed with Vendor at the time of such payment, be applied, in whole or in part (i) to pay the instalments of principal indebtedness payable pursuant to the first paragraph of Article 3 hereof, without premium, in the inverse order of their maturity, with interest (which Vendee shall also pay at such time) to the date of payment, or (ii) to or toward the cost of a unit or units of standard-gauge railroad equipment (other than work equipment) to replace such unit or units worn out, lost, destroyed or irreparably damaged.

Vendee will cause any replacing unit or units to be marked as provided in Article 6 hereof, and, if of the same character as the unit being replaced, to be numbered with the same number as such replaced unit. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all of the terms and conditions of this Agreement as though part of the original Equipment hereunder and shall be included in the term "Equipment" as used in this Agreement. Title to all such replacements shall be free and

clear of all liens, encumbrances and security interests and shall be taken initially and shall remain in the name of Vendor subject to the provisions hereof, and Vendee shall execute, acknowledge, deliver, file, register and record all such documents and do any and all such acts as may be necessary to cause such replacements to come under and be subject to this Agreement and to protect the title of Vendor thereto.

ARTICLE 8. Maintenance and Repair. Vendee will at all times maintain, or cause the Equipment to be maintained, in good order and repair without expense to Vendor.

ARTICLE 9. Compliance with Laws and Rules. During the term of this Agreement Vendee will comply, or will cause the lessees or users of the Equipment to comply, in all respects with all laws of the jurisdictions in which operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the operation or use of the Equipment, and in the event that such laws or rules require the alteration of the Equipment, Vendee will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Vendee may, in good faith, contest the

validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Vendor, adversely affect the property or rights of Vendor hereunder.

ARTICLE 10. Reports and Inspections. On or before Dec. 1st in each year, commencing with the year next succeeding Dec. 31, at the request of Vendor, Vendee will furnish or cause to be furnished to Vendors an accurate statement showing, as at the preceding August 31, the amount, description and numbers of all units of the Equipment that may have been worn out, lost, destroyed or irreparably damaged, whether by accident or otherwise, during the preceding calendar years, and such other information regarding the condition and state of repair of the Equipment as Vendor may reasonably request. Vendor shall have the right, by their agents, but shall be under no obligation, to inspect the Equipment and the records of Vendee with respect thereto at any reasonable time during the continuance of this Agreement; provided, however, that Vendee does not hereby assume liability for any injury to, or the death of, any agent or employee of Vendor incurred while exercising any rights of Vendor under the preceding provisions of this sentence.

ARTICLE 11. Possession and Use. Vendee, so long as it shall not be in default under this Agreement, shall be entitled to the possession of the Equipment and also to the use thereof (a) upon the lines of railroad owned or operated by it under lease or

otherwise or over which it has trackage rights, and (b) by other railroads in the usual interchange of traffic or the ordinary exchange of Cars under Joint Car Service Rules, reciprocal equalization arrangements or otherwise. Vendee also may, with the written approval of Vendor or its assignee, lease the Cars, or any of them, to another railroad subject to the terms and provisions of this Agreement; provided, however, that any such lease shall be expressly subject to the rights of the Vendor under this Agreement.

ARTICLE 12. Prohibition Against Liens. Vendee will pay or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party by, through or under Vendee or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof, or give rise to a security interest therein, equal or superior to the title of Vendor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of Vendors, adversely affect the property or rights of Vendors hereunder.

ARTICLE 13. Indemnities. Vendee agrees to indemnify and save harmless Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless

of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of the retention by Vendor of title to the Equipment or out of the use and operation thereof by Vendee or any other person during the period when title thereto remains in Vendor. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the purchase price and the conveyance of the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever. Any sum of money paid by Vendor in discharge of liens and charges on or security interests in the Equipment shall be secured by and under this Agreement.

Vendee will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

ARTICLE 14. Patent Indemnities. The Vendee agrees to indemnify, protect and hold harmless Vendor from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Vendor because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right.

ARTICLE 15. Assignments. Vendee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of Vendor, and its assignee, if any.

All or any of the rights, benefits and advantages of Vendor under this Agreement with respect to any one or more of the units of Equipment, including the right to receive the payments herein provided to be made by Vendee, may be assigned by Vendors and reassigned by any assignee in whole or in part at any time or from time to time.

Upon any such assignment either the assignor or the assignee shall give written notice to Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all of Vendor's right, title and interest in and to the Equipment, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by Vendee of the notification of any such assignment, all payments thereafter to be made by Vendee hereunder shall, to the extent so assigned, be made to or for the account of the assignee in such manner as it may direct.

Vendee understands that the transfer or assignment of this Agreement, or of some or all of the rights of Vendor hereunder, is contemplated. Vendee expressly represents, for the purposes of assurance, to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of Vendor hereunder, and for the purpose of inducing such acquisition, that in the event of such transfer or assignment by Vendor as hereinbefore provided, the rights of such assignee to all instalment payments of indebtedness or other unpaid indebtedness in respect of purchase price or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Vendor in respect of the Equipment or any obligation of Owners pursuant to this Agreement, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Vendee by the Vendor. Any and all such obligations, howsoever arising, shall be and remain enforceable by Vendee against and only against Vendor, and shall not be enforceable against any party or parties in whom title to the Equipment, or any of it, or the right of the Vendor hereunder, shall vest by reason of any sale, assignment or transfer or successive sales, assignments or transfers.

In the event of any such transfer or assignment, Vendee will, in connection with each settlement for the Equipment, or any part thereof, deliver to the assignee or transferee all documents required by the terms of such transfer or assignment to be delivered by the Vendee to the assignee or transferee in connection with such settlement.

If this Agreement is assigned by Vendor and notice thereof shall be given to Vendee, Vendee agrees to pay to or for the account of such assignee, any sums payable by Vendee to Vendor pursuant to this Agreement and assigned pursuant to such assignment.

In the event of any such transfer or assignment, or successive transfers or assignments by Vendor, of title to the Equipment and of Vendor's rights hereunder in respect thereof, Vendee will, whenever requested by such transferee or assignee, change or cause the change of the markings to be maintained on each side of each unit of the Equipment so as to indicate the title of such transferee or assignee to the Equipment, such markings to bear such words or legend as shall be specified by such transferee or assignee.

Nothing in this Article 15 shall be deemed to restrict the right of the Vendee to assign or transfer its interest under this Conditional Sale Agreement in the Equipment or possession of

the Equipment to any corporation (which shall have assumed the obligations hereunder of Vendee) into which it shall have become merged or consolidated or which shall have acquired the property of the Vendee as an entirety or substantially as an entirety.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default (hereinafter called "events of default") shall occur and be continuing, to wit:

(a) Vendee shall fail to pay in full any sum payable by it as herein provided within ten (10) days after the mailing by Vendor to it of notice of such failure; or

(b) Vendee shall refuse, or for more than thirty (30) days after Vendor shall have demanded in writing performance thereof shall fail, to comply with any covenant, agreement, term or provision satisfactory to Vendor for such compliance; or

(c) Any proceedings shall be commenced by or against Vendee for the appointment of a receiver or receivers, or for relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment or impairment of any obligations contained in this Agreement), or Vendee shall suffer any involuntary transfer of its interest in and under this Agreement by

bankruptcy or by the appointment of a receiver or trustee, or by the execution or by any judicial or administrative decree or process or otherwise (unless such transfer, decree or process shall within thirty days from the effective date thereof be nullified, stayed or otherwise rendered ineffective), and all obligations of Vendee under this Agreement shall not have been either duly assumed in writing pursuant to a court order or decree by a trustee or trustees or receiver or receivers appointed by Vendee or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers in bankruptcy or insolvency proceedings by assumption thereof pursuant to order or decree of such court by the trustee or receiver in such proceedings, or otherwise, within thirty days after such appointment, if any, or sixty days after such proceedings shall have been commenced, whichever shall be earlier (unless such proceeding shall have theretofore been dismissed or discontinued); or

(d) Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default

Vendor may, upon written notice to Vendee and upon compliance with any legal requirements then in force and applicable to such action by Vendor, declare the entire indebtedness in respect of the purchase price of the Equipment, together with interest thereon accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such declaration at the rate of 12% per annum, to the extent legally enforceable, and Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the purchase price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of Vendee wherever situated.

Vendor may at its election waive any such event of default and its consequences and rescind and annul any such declaration by notice to Vendee in writing to that effect and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. Remedies. If an event of default shall occur, then at any time after the entire indebtedness in respect of

the purchase price shall have been declared immediately due and payable as hereinbefore provided, Vendor, to the extent not prohibited by any mandatory requirements of law, may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law applicable to the action to be taken by Vendor, take or cause to be taken by their agent or agents immediate possession of the Equipment, or any unit thereof, without liability to return to Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of Vendee, or any other person, and for such purpose may enter upon Vendee's premises where any of the Equipment may be located, and may use and employ in connection with such removal any available trackage and other facilities or means of Vendee, without process of law. In case Vendor shall rightfully demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon the premises of Vendee for the delivery of the Equipment to Vendor, Vendee shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such a point or points as shall be designated by Vendor and shall there deliver the Equipment or cause it to be delivered to Vendor; and, at the opinion of Vendor, Vendor may keep the Equipment on any of the premises of Vendee until Vendor shall have leased, sold or otherwise disposed of the

same, and for such purpose Vendee agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by Vendor reasonably convenient to Vendee. This agreement to deliver the Equipment as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, Vendor shall be entitled to a decree against Vendee requiring specific performance hereof. Vendee hereby expressly waives any and all claims against Vendor and their agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

If an event of default shall occur, then at any time after the entire indebtedness in respect of the purchase price shall have been declared immediately due and payable as hereinbefore provided, Vendor may proceed to exercise one or more, or all, of the Vendee's rights and remedies relating to the use of any of the Equipment, and in such event may collect any payments due therefor.

If an event of default shall occur, then at any time after the entire indebtedness in respect of purchase price shall have been declared immediately due and payable as hereinbefore provided, Vendor (after retaking possession of the Equipment as hereinbefore in this Article 17 provided) may at its election retain the Equipment as its own and make such disposition thereof

as Vendor shall deem fit, and in such event all of Vendee's rights in the Equipment will thereupon terminate and, to the extent not prohibited by any mandatory requirements of law, all payments made by Vendee may be retained by Vendor as compensation for the use of the Equipment by Vendee; provided, however, that if Vendee, within twenty days of receipt of notice of Vendor's election to retain the Equipment for its own use, as hereinafter provided, shall pay or cause to be paid to Vendor the total unpaid balance of the indebtedness in respect of the purchase price of all the Equipment, together with interest thereon accrued and unpaid and all other payments due by Vendee under this Agreement, then in such event absolute right to the possession of, title to and property in such Equipment shall pass to and vest in Vendee; or Vendor with or without retaking possession thereof, may at its election sell the Equipment, or any unit thereof, free from any and all claims of Vendee, or of any other party claiming by, through or under Vendee, at law or in equity, at public or private sale and with or without advertisement as Vendor may determine, all subject to and in compliance with any mandatory requirements of law then in force and applicable to such sale; and the proceeds of such sale, less the attorney's fees and any other expenses incurred by Vendor in taking possession of, removing, storing and selling the Equipment, shall be credited on the amount due to

Vendor under the provisions of this Agreement. Written notice of Vendor's election to retain the Equipment for its own use may be given to Vendee by telegram or registered mail addressed to Vendee as provided in Article 22 hereof, at any time during a period of thirty days after the entire indebtedness in respect of purchase price shall have been declared immediately due and payable as hereinbefore provided; and if no such notice shall have been given, Vendor shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

To the extent permitted by any mandatory requirements of law then in force and applicable thereto, any sale of the Equipment hereunder may be held or conducted at premises of vendee in York, Pa.

at such time or times as Vendor may fix (unless Vendor shall specify a different place or places, in which case the sale shall be held at such place or places and at such time or times as Vendor may specify), in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as Vendor may determine in compliance with any such requirements of law, provided that Vendee shall be given written notice of such sale as provided in any such requirements, but in any event not less than ten days prior thereto, by telegram or registered mail addressed to Vendee as provided in Article 22 hereof. If such sale shall be a private sale permitted by such requirements,

it shall be subject to the right of Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale, at the same price offered by the intending purchaser or a better price. To the extent not prohibited by any such requirements of law, Vendor may itself bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale without accountability to Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor Vendor shall be entitled to the extent not prohibited as aforesaid to have credited on account thereof all sums due to Vendor from Vendee hereunder.

Each and every power and remedy hereby specifically given to Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by Vendor. All such powers and remedies shall be cumulative and the exercise any other or others. No delay or omission of Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

If, after applying all sums of money realized by Vendor under the remedies herein provided, there shall remain any amount due to them under the provisions of this Agreement, Vendee shall pay the amount of such deficiency to Vendor upon demand and, if Vendee shall fail to pay such deficiency, Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against Vendee. If, after applying as aforesaid all sums realized by Vendors, there shall remain a surplus in the possession of Vendors, such surplus shall be paid to Vendee.

Vendee will pay all reasonable expenses, including attorneys' fees, incurred by Vendor in enforcing its remedies under the terms of this Agreement. In the event that Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

In the event of assignments of interests hereunder to more than one assignee, each such assignee shall be entitled to exercise all rights of Vendor hereunder in respect of the Equipment assigned to such assignee, irrespective of any action or failure to act on the part of any other assignee.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any State or the

District of Columbia, or which would convert this Agreement into any instrument other than agreement of conditional sale, shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law may be waived, they are hereby waived by Vendee to the fullest extent permitted by law, to the end that this Agreement shall be deemed to be an agreement of conditional sale and enforced as such.

Except as otherwise provided in this Agreement, Vendee to the fullest extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of sale thereof, any other requirements with respect to the enforcement of Vendor's rights hereunder and any and all rights of redemption.

ARTICLE 19. Extension Not a Waiver. No delay or omission in the exercise of any power or remedy herein provided or otherwise available to Vendor shall impair or affect Vendor's right thereafter to exercise them. Any extension of time for payment hereunder or other indulgence duly granted to Vendee shall not otherwise alter or affect Vendor's rights or Vendee's obligations hereunder. Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect Vendee's rights hereunder with respect to any subsequent payments

or any prior or subsequent default hereunder.

ARTICLE 20. Recording. Vendee shall at its expense promptly cause this Agreement and any assignments hereof, and any supplements hereto or thereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and Vendee shall at its expense promptly from time to time do and perform any other act and shall execute, acknowledge, deliver, file, register and record any and all further instruments required by law or reasonably requested by Vendor for the purpose of proper protection, to the satisfaction of counsel for Vendor, of their title to and security interest in the Equipment and their rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and Vendee will promptly furnish or cause to be furnished to Vendor certificates or other evidences of such filing, registration and recording, and an opinion or opinions of counsel for Vendee with respect thereto, satisfactory to Vendor.

ARTICLE 21. Payment of Expenses. Vendee will pay all expenses of the Vendor, including stamp or other taxes, if any, and will also pay the expense of printing or other duplicating, execution, acknowledgment, delivery, filing, registration or

recording of this Agreement, of the first assignment by Vendor of this Agreement, or any instrument supplemental to or amendatory of this Agreement or such assignment, and of any certificate of the payment in full of the indebtedness in respect of purchase price due hereunder.

ARTICLE 22. Notice. Any notice hereunder to Vendee shall be deemed to be properly served if delivered or mailed to Vendee at 490 East Market Street, York, Pennsylvania, or at such other address as may have been furnished in writing by Vendee to Vendor. Any notice hereunder to the Vendor shall be deemed to be properly served if delivered or mailed to the Vendor, 490 East Market Street, York, Pennsylvania, or at such other address as may have been furnished in writing to Vendee by Vendor. An affidavit by any person so delivering or mailing such notice in respect of such delivery or mailing shall be deemed to be and shall be conclusive evidence of the giving and receipt of such notice.

ARTICLE 23. Headings. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 24. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the

laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

ARTICLE 25. Execution. This Agreement may be simultaneously executed in any number of counterparts, each of which so executed shall be deemed an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart.

ARTICLE 26. Variation and Waiver. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by or on behalf of Vendor and Vendee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day, month and year first above written.

EMONS LEASING CO., INC.

By: Robert Grossman, President

MARYLAND & PENNSYLVANIA
RAILROAD COMPANY

By: Herbert J. Lyons

EXHIBIT "A"

57 Fifty-five ton, 40'6", wood lined box cars,
Class "XF" or "XM" which have been completely
rebuilt according to AAR and ICC rules and
regulations.

PRESENT MARKINGS

MPA 5525 - 5549 inclusive and

MPA 5600 - 5631 inclusive.

Commonwealth of Pa.)
COUNTY OF York) SS.:

On the 29th day of Dec., 1976 before me came ROBERT GROSSMAN, to me known, who being by me duly sworn, did depose and say that he resides at 865 Hickory Hill Lane, York, York County, Pa. 17402 that he is the President of Emons Leasing Co., Inc. the Corporation described in and which executed the foregoing instrument; that he knows the seal of said Corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he signed his name thereto by like order.


Notary Public

COMMONWEALTH OF PA.)
COUNTY OF YORK) SS.:

MY COMMISSION EXPIRES
JANUARY 31, 1977
YORK, YORK COUNTY, PA.

On the 29th of December, 1976 before me came HERMAN LAZARUS, to me known, who being by me duly sworn, did depose and say that he resides at 555 Ardmore Lane, York Pennsylvania 17402 that he is the President of the Maryland and Pennsylvania Railroad Company, the Corporation described in and which executed the foregoing instrument; that he knows the seal of said Corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he signed his name thereto by like order.


Notary Public

MY COMMISSION EXPIRES
JANUARY 31, 1977
YORK, YORK COUNTY, PA.